
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT
FINANCE



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TO: All Rural Electric Membership Cooperatives (REMC'S)

FROM: Keilah Heffington, Utility Specialist

RE: Special Instructions for REMC'S for
Completing Schedule A-5 - REMC Schedule

DATE: January, 2009

In addition to the Annual Report (Form UD-45), REMC's shall submit a complete copy of their RUS Form 7, including the Statement of Operations, Changes in Utility Plant and Balance Sheet for the month and year ending December 31, 2008. If an Annual Report to Members is prepared, it also should accompany the Annual Report Form UD-45.

REMC's that are reporting depreciation computed on a federal tax basis should complete Schedule A, following the instructions in the enclosed General Filing Instructions Memorandum. You should not complete Schedule A-5 if the claimed depreciation is on a federal tax basis.

Instructions for Completing Schedule A-5

In lieu of reporting depreciation on a federal income tax basis, REMC's may complete Schedule A-5, REMC Schedule.

The Schedule A-5 is used to compute the true tax value of the cooperative's property. This schedule replaces the former REMC Worksheet. Specific instructions by line number are as follows:

1. Enter the total cost of utility plant in service at December 31, 2008.
2. Enter the total cost of non-utility property at December 31, 2008.
3. Enter the total cost of plant held for future use at December 31, 2008.
4. Add Lines 1, 2 and 3.
5. Enter the total cost of locally assessed real property (except R/O/W, easements and towers) included in the utility plant in service amount shown on Line 1, above.
6. Enter the total cost of locally assessed real property (except R/O/W, easements and towers) included in the non-utility property amount shown on Line 2, above.

7. Enter the total cost of locally assessed real property (except R/O/W, easements and towers) included in the plant held for future use amount shown on Line 3, above.
8. Add Lines 5, 6, and 7.
9. Subtract Line 8 from Line 4.
10. Enter the total amount of interest capitalized for book purposes that would not have been capitalized for federal income tax purposes, if the cooperative had been required to file federal income tax returns. Note: If your cooperative has not capitalized interest, enter zero (-0-) and proceed to the next line.
11. Subtract Line 10 from Line 9.
12. Enter the total cost of locally assessed personal property as reported on Schedules A, B and C-2 of Form 1. This amount is also shown in Column A of Schedule G (page 11).
13. Enter the cost of leased locally assessed personal property included in Line 12, but not included on Line 1, above.
14. Line 12 minus Line 13.
15. Subtract Line 14 from Line 11.
16. Enter the total amount of accumulated depreciation from your cooperative's books at December 31, 2006. This total should agree with the RUS Form 7.
17. Enter the additional depreciation deduction in lieu of Federal Tax Depreciation, as computed on the schedule below Line 28.
18. Enter the total amount of accumulated depreciation applicable to locally assessed real property at December 31, 2006.
19. Enter the total amount of accumulated depreciation applicable to locally assessed personal property at December 31, 2006.
20. Subtract Lines 18 and 19 from the sum of Lines 16 and 17.
21. Enter Gross Additions credit from schedule A-1.
22. Add Line 20 and Line 21.
23. Line 15 minus Line 22.
24. Multiply Line 15 by thirty percent (30% or .30).

- 25. Enter the greater of Lines 23 or 24.
- 26. Enter the value of Construction in Process from Schedule A-1.
- 27. Please attach a detailed explanation of any entry made on Line 25.
- 28. Line 25 plus Lines 26 and 27, if applicable. This is the true tax value of your cooperative's distributable property. Carry the result to Line 41 of Schedule A.

Schedule A - Computation of Assessment

The Schedule A is used to compute the true tax value of the cooperative's utility property. REMC's choosing to report depreciation on a federal income tax basis shall complete all lines of Schedule A. Schedule A-5 need not be completed.

However, REMC's using book depreciation should complete Schedule A-5. If the value of the cooperative's utility plant in service was computed on Schedule A-5, the cooperative need enter values only on Lines 41, 46 and 47.

Schedule A-2 - Leased Property

Report all property held, possessed or controlled but not owned. Part I-B would include all leased distributable property. The value shown in Part I-B is to be included on Schedule A-5.